



Electric Service Schedule 30

Supply Cost Adjustment (SCA)

PURPOSE:

The purpose of this schedule is to incorporate, as part of the rate charged by the City for electrical service, increases in the costs of purchased electricity above the costs recovered in the base rate. This applies to all rate schedules where there is a kWh charge, and appears as a separate line item on the utility bill.

APPLICABILITY:

The SCA shall be a monthly surcharge, when applicable, to the utility bills of all customers receiving kWh from the City.

DETERMINING THE SCA:

The SCA shall be determined as follows:

- 1) Divide all purchased and self generated power and energy costs by the total system energy (in kilowatt hours) produced or purchased associated with the same billing period;
- 2) Subtract from the total in subparagraph 1 the average base cost of all purchased and self generated power and energy;
- 3) Multiply the result from subparagraph 2 by the line loss retail factor of 1.043;
- 4) Multiply the figure in subparagraph 3 by the number of kWh in the billing period. This result, in dollars (\$), will be the recoverable or credited amount that needs to be recovered or 'banked'. If the figure is negative, the dollar amount will be "banked" and administered as provided in Special Condition 4 below. If the figure is positive, proceed to subparagraph 5.
- 5) Use the dollar figure in subparagraph 4 and divide it by the most recently completed and reported month's retail customer sales energy use. This charge, reported in \$/kWh, will be included as a line item in the following month's bills or administered by following the prescribed cap and Special Conditions limitations.
- 6) Carry Forward Charges from previous months may be included in utility billings if all Special Conditions and caps are met.

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SCA FORMULA AND DEFINITIONS:

The formula for the SCA will be as follows:

1. $SCA = 1.043[(S/I)-B] + C$

where:

- a. SCA = Supply Cost Adjustment, expressed in \$/kWh for the current billing month and applied to all kWh sales to retail customers of the City.
- b. 1.043 = Retail Factor, adjusts system supply costs at input for retail system distribution and transmission line energy losses.
- c. S = Total System Supply Costs, costs for all purchased and self generated power and energy, excluding extraordinary sales for resale, for the billing period
- d. I = Total System Input Energy (in kilowatt hours), associated with S for the billing period
- e. B = Average Base Cost of Supply, presently a cost of \$0.04000/kWh for all purchased and self generated power and energy, excluding extraordinary sales for resale
- f. C = Carry Forward adjustment, expressed in \$/kWh.

SPECIAL CONDITIONS:

1. The SCA will terminate and be void and of no effect on January 1, 2007.
2. The SCA shall be capped at \$0.005/kWh for an individual customer in any one month with the remaining recoverable portion carried forward into succeeding months.
3. The minimum recoverable amount in any given month will be \$50,000. Recoverable amounts below \$50,000 will be carried forward each month until the total of "banked" carry forward amounts exceed \$50,000.
4. The monthly SCA amounts resulting in banked credits will be offset by future recoverable SCA amounts. At the end of each fiscal year, defined as ending June 30, any credits that have been accrued by the 'bank' will be zeroed.
5. At the end of each fiscal year, any recoverable debits will be carried forward into the new fiscal year and subject to the same recovering process as detailed above.
6. The total recoverable amount during a single fiscal year will not exceed 2% of the power department's total budgeted revenue, as approved by the Murray City Municipal Council. The

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2% cap in any one fiscal year can only be exceeded with approval by the Murray City Municipal Council.

7. Funds received from the SCA are exempt from in-lieu-of-tax (ILOT) transfers.
8. Before an adjustment is made, the City Power Department General Manager or designee shall notify and receive approval from the Mayor of the amount of the adjustment and shall, in writing, notify the Murray City Municipal Council of the amount of the adjustment.
9. If an adjustment is made pursuant to this section 15.20.630 for six (6) consecutive months, the Murray City Municipal Council shall review, in a duly agendaed meeting, the reasons for the adjustments and the need to amend or modify the SCA and power rates.